

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Friday, January 21, 2011 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Fuller called the meeting to order at 6:30 a.m. Board Members present were: John Yeager, Mitch Herzog, Chris Seely, and Todd Wintters.

WEDC staff present was Executive Director Sam Satterwhite and Administrative Assistant Gerry Harris.

Ex-officio members Eric Hogue and Mindy Manson were present. Assistant City Manager Jeff Butters also attended the meeting.

CITIZEN PARTICIPATION

There being no citizen participation, President Fuller proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the December 17, 2010 Minutes of the WEDC Board of Directors Meeting.

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve the December 17, 2010 Minutes of the WEDC Board of Directors Meeting. The WEDC Board voted 5– FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the December 2010 WEDC Treasurer's Report.

Mr. Fuller directed staff to contact the City auditors and confirm that the property purchased from SAF-Holland is booked correctly in light of Ascend funding 50% of the purchase price.

MOTION: A motion was made by John Yeager and seconded by Chris Seely to approve the December 2010 WEDC Treasurer's Report. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – Consider and act upon a Modification Agreement between James L. Hughes and Mary Genene Hughes and the WEDC.

Staff reported that on July 25, 2006 the WEDC entered into a note with the Hughes in the amount of \$340,000 to purchase two lots and improvements on Industrial Court. The interest rate associated with the loan was 6%. After direction from the Board and after requesting a rate reduction from Mr. Hughes, staff presented a Modification of Note and Deed of Trust Agreement for the Board's approval.

The term of the original note did not change with the interest rate being reduced to 5%.

Staff recommended that the WEDC Board of Directors approve the Modification of Note and Deed of Trust Agreement and further authorize President Fuller to execute the Modification Agreement.

MOTION: A motion was made by Chris Seely and seconded by Mitch Herzog to authorize Mr. Fuller to execute the loan modification to Mr. Hughes' note. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO 4 – Consider and act upon issues surrounding a WEDC Budget Amendment for FY 2010 – 2011.

On November 22, 2010 WEDC staff received confirmation that funds had been wired to ANBTX from Ascend Custom Extrusions, LLC for the benefit of the WEDC. The fund amounts were \$500,000 and \$139,250 which were then deposited into the General Fund for the City of Wylie.

The \$139,250 is to pay 50% of the Holland acquisition cost (\$225,000), relocating Holland Improvements (\$50,000), and estimated closing costs (\$3,000). The \$500,000 per the Commercial Lease Agreement is to fund interim interest on the construction loan, loan closing costs, payment of the construction manager, and other expenses associated with the construction of the Building. The Commercial Lease calls for no less than \$300,000 to be paid down on the construction loan.

To properly account for these funds, a Budget Amendment must be approved to increase revenue in an amount equal to the wire deposits (\$639,250).

The second Budget Amendment will then deposit funds back into the Land account for 50% of the Holland acquisition with the remainder being placed into the newly created 'Building Account'. This Budget Amendment also takes into consideration the loan from American National Bank in the amount of \$4,920,939. While this will be an expense for the WEDC, it will not be considered revenue, but instead funds from other sources (loan).

Staff recommended that the WEDC Board of Directors approve a Budget Amendment increasing revenues by \$639,250 and increasing expenditures by \$5,560,189.

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve a budget amendment increasing revenue in the amount of \$639,250 and increasing expenditures in the amount of \$5,560,189. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 5 – Consider and act upon issues surrounding a WEDC Budget Transfer for FY 2010 – 2011.

Staff reported that due to the payoff of the note between the WEDC and Prime Kuts, the Debt Service Account must be increased by \$170,770 to prevent a budget shortfall by years end. Monies will be transferred from the Land Account to fund the transfer.

Staff recommended that the WEDC Board of Directors approve Budget Transfer Request EDC1-6-11 in the amount of \$170,770.

MOTION: A motion was made by Chris Seely and seconded by John Yeager to approve budget transfer requests in the amount of \$170,770. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 6 – Consider and act upon issues surrounding the 2011 WEDC Annual Report.

Staff reported that per the WEDC By-laws, the WEDC must present an annual report to the Wylie City Council no later than January 31st of each year. The report must include, but is not limited to, a review of all expenditures made by the Board, a review of accomplishments, and a review of other than direct economic development. Staff presented the Report which is believed to meet the intent of the requirement of the By-laws with the same to be presented to the Wylie City Council on January 25, 2011.

President Fuller asked that more details about negotiations with Applebee's be added to the report under Retail Activity. He also asked the total value of the Ascend project be described in more detail.

Staff recommended that the WEDC Board of Directors approve the 2010 WEDC Annual Report with the noted changes and recommended that it be presented to the Wylie City Council.

MOTION: A motion was made by John Yeager and seconded by Mitch Herzog to approve the 2010 WEDC Annual Report. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 7 – Consider and act upon issues surrounding a Performance Agreement between the WEDC and Gardner Regency, LLC.

According to a Performance Agreement between the WEDC and Gardner Regency, LLC, the WEDC is obligated to reimburse Savage (Gardner Regency, LLC) for moving expenses in the amount of \$254,357. The grant is payable in five equal and annual payments of \$50,871.40. The first installment was paid at the issuance of the certificate of occupancy on 1-9-09; the

second payment was paid on 1-15-10; with the third payment now submitted to the Board for approval.

Per the agreement, Savage must maintain a minimum of \$4,051,443 in real and personal property value and maintain at least 35 full-time employees. Savage was appraised at \$4,331,737 in 2010 and employed between 42 and 44 employees for the first three quarters of 2010.

The WEDC holds a note on the 3.87 acres sold to Gardner Regency in the amount of \$421,443. Should there be no Default as identified within Sections 3 and 4 of the Performance Agreement, the WEDC shall forgive all payments associated with the Note over a seven year period in equal amounts beginning on the anniversary date Savage received a certificate of occupancy.

With no event of Default identified, Payment #2 of 7 associated with the Note in the amount of \$60,206.14 was recommended to be forgiven along with funding Payment #3 of 5 associated with the moving expenses in the amount of \$50,871.40.

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve Payment #3 of 5 in the amount of \$50,871.40 and forgive Payment #2 of 7 in the amount of \$60,206.14 to Gardner Regency LLC. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

DISCUSSION ITEMS

ITEM NO. 8 – Staff report: review issues surrounding an Amended and Restated Performance Agreement between the WEDC and Woodbridge Crossing, Collin County Day, Taylor & Son, and regional housing starts.

The Board members were reminded by staff that the Board may not discuss an item which is not specifically identified on the agenda. Only those items listed on the agenda can be discussed.

Woodbridge Crossing

Staff reported that Woodbridge Crossing is currently in compliance with all terms of the Amended and Restated Performance Agreement. A Sales Tax Reimbursement Report was presented which identifies all sales taxes generated and reimbursed through October 2010 within Woodbridge Crossing for the City General Fund, the WEDC, and the 4B Corporation. Staff also reviewed that the City and WEDC will be reimbursing 85% of all sales taxes generated within Woodbridge Crossing through September 2013 and beginning October 2013, 65% of all sales taxes generated will be reimbursed.

The next performance measure of 64,000 square feet of lease space constructed on the in-line lots adjacent to Target between McCreary and Springwell shall be completed no later than May 1, 2011. There is currently 81,000 square feet under construction slated to be completed by March, 2011. A ‘critical dates analysis’ was also presented for the Board’s review.

Collin County Day

Staff reported that at the present time, Mr. Herzog and Mr. Satterwhite have made plans to attend Collin County Day which is March 7 – 8, 2011.

Taylor & Son

Staff was contacted by Taylor & Son who currently lease a WEDC-owned 5,000 square foot building at 211 Industrial Court. Only months after occupying the facility, Taylor negotiated with the tenant at 212 Industrial Court to occupy a portion of the adjacent parking lot for additional storage space. Taylor's business is growing so rapidly that they are searching for a 10,000 square foot facility to lease or property to support new construction. Staff toured the WEDC-owned Steel Road site and looked at several other properties in Wylie which would support their needs.

Regional Housing Starts

Staff reported 264 new homes were constructed in Wylie in 2010 resulting in an increase of 7 homes. Staff also reported that Lavon was up 10 homes for the year, Murphy up 29, with Sachse down by 18 homes.

Staff Recommendation

No action was requested by staff.

ITEM NO. 9 – Review issues surrounding the construction of a 96,000 square foot industrial facility at 1405 Martinez Lane.

Staff reported that excavation for the 96,000 square foot industrial facility had begun on December 18, 2010 and that a final set of plans was now ready to be submitted to the City of Wylie. Following a final Design Team Meeting on January 21st staff will have more information prior to plan submittal as well as an updated budget.

WEDC Construction Manager Tommy Pulliam was also present reporting that the process has been delayed by design changes initiated by the tenant. Also reported was the consistent emphasis by the entire team to reduce costs.

Staff had no recommendation at the time.

EXECUTIVE SESSION

The WEDC Board recessed into Closed Session at 7:37 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.071 (Consultation with Attorney) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Deliberate a pending or contemplated litigation surrounding Project Re-tool.

Section 551.087 (Economic Development Negotiations) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Deliberate economic development negotiations surrounding Project Re-tool.

Section 551.074 (Personnel Matters) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Deliberate personnel issues.

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 8:02 a.m.

After review by the WEDC Board of Directors, the Performance Agreement between the WEDC and Sanden International USA was declared to be in default.

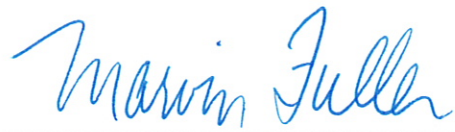
Staff reported to the Board that a letter would be sent to Sanden on January 21, 2011 notifying them that they had failed to provide documentation of taxable real and personal property with a certified value as determined by the Collin County Central Appraisal District ("CCAD") of not less than Fifty-Eight Million Dollars (\$58,000,000). Under the terms of the Amended and Restated Performance Agreement between the WEDC and Sanden which was executed February 26, 2010, Sanden would be requested to pay to the WEDC as a refund the total amount of the Reimbursement Incentive (\$300,000) within thirty (30) days from the date of the letter.

The Board stressed that should Sanden International USA not cure the default they would be required to refund the incentive payment of \$300,000. However, staff was directed to negotiate with Sanden for the opportunity to earn the incentive back if the 2011 certified value met the Fifty-Eight Million Dollars (\$58,000,000) minimum requirement contemplated in the Amended and Restated Performance Agreement.

MOTION: A motion was made by John Yeager and seconded by Mitch Herzog to approve action to secure a refund of \$300,000 from Sanden International USA per the Performance Agreement. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

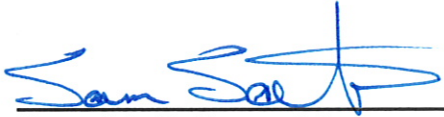
ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 8:02 a.m.



Marvin Fuller, President

ATTEST:



Samuel D.R. Satterwhite
Executive Director